Cases registered with BIFR

420. DR. B.B. DUTTA: Will the Minister of FINANCE be pleased to state:

(a) Number of cases registered with the BIFR during 1993, 1994, 1995 and first six months of 1996;

(b) what has been the performance of BIFR in disposing these cases;

(c) details of the cases i.e. recommendations of BIFR in the above cases;

(d) how many cases are still pending with the BIFR; and

(e) details of the steps taken for their speedy disposal.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) The Board for Industrial and Financial Reconstruction (BIFR) has reported that 508 cases of sick industrial companies were registered with it during the period from 01.01.1993 to 30.06.1996. The year-wise details are given below:

Year	No. of companies registered with BIFR
1993	152
1994	193
1995	117
1996 (upto 30.06.1996)	46
Total	508

(b) to (d) The status as on 30.06.1996 of 508 cases registered with BIFR is given as under:

— Rehabilitation/revival schemes sanctioned	96
— Winding up recommended to concerned High Court	75
— Dismissed as non-maintainable	128
— Declared no longer sick	9
— Dropped as net worth became positive during inquiry	8
— Under inquiry	190
— Proceedings closed	2

(c) BIFR has reported that cases of sick industrial companies registered with it are dealt with in accordance with the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). In terms of relevant provisions of SICA, rehabilitation/revival schemes are sanctioned, wherever feasible by providing for, among other things, reliefs/concessions on loans of financial institutions/banks, provisions, of working capital by banks, induction of additional equity by promoters, etc. In cases where feasible proposals are not received, winding up of the companies is recommended by the BIFR to concerned High Courts for further necessary action. BIFR has further reported that it has streamlined its procedures and has reduced the overall duration of proceedings to ensure expeditious disposal of cases.

Merger of Rural Banks with other Banks

421. SHRI SANJAY DALMIA: Will the Minister of FINANCE be pleased to state:

(a) whether the number of branches of rural banks are higher than the branches of other banks in the country;

(b) whether Government propose to merge these banks for improving their functioning;

(c) whether rural banks are incurring losses in the absence of such a merger;

(d) if so, the details thereof; and

(e) whether the pay scales revised in 1995 are not being given to the employees of rural banks?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) No, Sir.

(b) In the past, various alternatives including merger were considered for revamping the Regional Rural Banks (RRBs), and a decision has been taken to revitalise them on a "Stand alone", basis.

(c) and (d) No, Sir. While most of the RRBs are incurring losses, the losses are mainly attributable to high establishment

costs, low margins, low business volumes relating to branch network and poor recoveries.

(e) Does not arise since no pay revision has been effected in the RRBs in 1995-96.

Recession in Indian Economy

422. SHRI VAYALAR RAVI: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that recession is looming over the Indian economy;

(b) if so, what are the reasons for such a trend in the Indian economy; and

(c) the steps taken to prevent the trend of recession?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) According to the revised estimates of the Central Statistical Organisation (CSO), the growth rate of the real Gross Domestic Product (GDP) improved from 6.3 per cent in 1994-95 to 6.6 per cent in 1995-96.

During the current year, agriculture is expected to record an impressive growth on account of better spread of normal rainfall. As per the latest information available, industrial production registered a growth rate of 9.3 per cent in April-July, 1996 compared with 12.3 per cent in April-July, 1995. This slow-down cannot be regarded as recession since cyclical fluctuations in production are part of dynamics of the growth process. Besides, the slow down is essentially due to poor performance by electricity and mining, manufacturing sector which contributes 77.4 per cent to industrial production registered a growth rate of 11.7 per cent, in April-July, 1996 which is almost the same as 11.9 per cent recorded in April-July, 1995. As per growth rate by use-based classification, capital goods (18.6 per cent), intermediate goods (11.1%) and consumer goods (9.6%) also performed very well in April-July, 1996.

Given these trends of industrial and agricultural production, real GDP growth rate in the current year 1996-97 is likely to be the same as year registered last year. On the external front foreign exchange reserves (excluding gold & SDRs) have also improved from US $ 17.04 billion at the end of March, 1996 to $ 19.9 billion as on 13th November, 1996.

(c) A number of policy measures have been announced by the Reserve Bank of India to ensure that genuine productive activities get adequate credit. These include substantial scaling down of cash reserve ratio (from 14 per cent of net demand and time liabilities in March 1996 to 11.5 per cent at present; it is proposed to be reduced further to 10 per cent by January, 1997), raising of export credit limit (from 10 per cent of net bank credit to 12 per cent by end March 1997) as also permitting commercial banks to provide foreign currency denominated loans. Banks have also been advised to reduce their prime lending rates (PLR) for all advances and to announce the maximum spread over PLR.

Rejection of Foreign Investment Promotion Board's Recommendation to approve the Tie-up between Financial Times and *Business Standard*

423. SHRI RAJUBHAI A. PARMAR:
SHRIMATI VEENA VERMA:
SHRI SUSHILKUMAR SAMBHAJIRAO SHINDE:

Will the Minister of INFORMATION AND BROADCASTING be pleased to state:

(a) whether Government have finally rejected the recommendation of the Foreign Investment Promotion Board to approve the tie-up between the Financial Times and the Business Standard;

(b) if so, the grounds for rejection, indicating the details of the proposals and its merits and demerits;

(c) whether a status paper on the present media scenario incorporating the